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Report of the Delhi Group on Informal Sector Statistics

Note by the Secretary-General

In accordance with a request of the Statistical Commission at its thirty-second session,** the Secretary-General has the honour to transmit to the Commission the report of the Delhi Group on Informal Sector Statistics. The Commission may wish to review the work programme of the Group and comment on the recommendations made at its fifth meeting as contained in its report.

* E/CN.3/2002/1.
** See *Official Records of the Economic and Social Council, 2001, Supplement No. 4* (E/2001/24), chap. I, sect. A.

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Report of the Delhi Group on Informal Sector Statistics

Purpose

The Delhi Group on Informal Sector Statistics has been set up as an international forum to exchange experience in the measurement of the informal sector; document the data-collection practices, including definitions and survey methodologies, followed by member countries; and recommend measures for improving the quality and comparability of informal sector statistics, including survey methodologies, taking into account the *System of National Accounts, 1993* (1993 SNA) and the resolutions of the International Conference of Labour Statisticians.

Year organized

1997

Participants

First meeting

The meeting was attended by 37 participants from eight countries (Australia, Bangladesh, Brazil, Colombia, India, Mexico, Sri Lanka, Turkey); in addition, representatives from the International Labour Organization (ILO), the United Nations Statistics Division, the Economic and Social Commission for Asia and the Pacific (ESCAP) and the Asian Development Bank also participated.

Second meeting

The meeting was attended by 35 participants from nine countries (Armenia, Australia, Colombia, India, Mexico, Nigeria, Poland, Turkey, Zambia); five international bodies (Economic Commission for Latin America and the Caribbean, ESCAP, ILO, Statistical Institute for Asia and the Pacific, United Nations Statistics Division); and four other institutions (Harvard Institute for International Development, Women in Informal Employment Globalizing and Organizing (WIEGO), French Scientific Research Institute for Development and Cooperation, and Self-Employed Women's Association (SEWA)).

Third meeting

The meeting was attended by 65 participants from four countries (Australia, Nigeria, Mexico, India); two international organizations (ILO, ESCAP); and three other institutions (WIEGO, SEWA and the Gujarat Institute of Development Research (GIDR)).

Fourth meeting

The meeting was attended by 31 participants from nine countries (Australia, Brazil, Ethiopia, India, Nepal, Mexico, Philippines, Thailand, Turkey); three international organizations (ILO, United Nations Statistics Division, ESCAP); one other institution (WIEGO); and several experts from an ILO project on measurement of the variable "place of work".

Fifth meeting

The meeting was attended by 37 participants from five countries (India, Indonesia, Republic of Korea, Mexico, Nepal); two international organizations (ILO, ESCAP); and six other organizations (WIEGO, GIDR, National Council for Applied Economic Research, Socio-Economic Research Center, SEWA, national commission on labour).

Meetings

First meeting: New Delhi, 20-22 May 1997.

Second meeting: Ankara, 28-30 April 1998.

Third meeting: New Delhi, 17-19 May 1999.

Fourth meeting: Geneva, 28-30 August 2000.

Fifth meeting: New Delhi, 19-21 September 2001.

Topics considered

First meeting

Apart from finalization of the terms of reference of the Group, participating countries presented country papers on the practices followed in their countries for the collection of data and the status of data on informal sector statistics. International organizations also reported on recent activities in this area.

Second meeting

Discussions mainly focused on the current status of data on the informal sector and its limitations; country profiles; informal sector definition; operationalization; delineation; classification and subclassification; survey design; area sampling; frame

and sample design; mixed household and enterprise surveys; problems in the collection of data and quality aspects; the contribution to the national economy of the informal sector in terms of employment, value addition, capital formation etc.; and social security of workers in the informal and unorganized sectors.

Third meeting

There were three technical sessions in the meeting devoted to:

(a) Clarification and operationalization of the fifteenth International Conference of Labour Statisticians/1993 SNA international definition of informal sector;

(b) Development of strategies to address sample frame and weighting issues in informal sector surveys;

(c) Development of an appropriate methodology for more accurate measures of value added from the informal sector.

Fourth meeting

The technical meeting consisted of three sessions devoted to:

(a) Results of surveys on the informal sector conducted by different countries: advantages and limitations of different survey methods and survey designs for the data collection and development of strategies to address sampling frame and weighting issues;

(b) Methodology for developing more accurate measures of value added and estimation of the contribution of the informal sector to gross domestic product on a regular basis;

(c) Alternative structure of the International Standard Industrial Classification of All Economic Activities, Revision 3 for the informal sector; initiatives taken by a group of international organizations and national statistical offices to prepare a handbook for measurement of the non-observed economy; and future work of the Group.

Fifth meeting

The meeting consisted of six sessions devoted to:

(a) Application of the informal sector definition: treatment of persons at the borderline between own-account workers and employees;

(b) Development of criteria for the identification of persons in informal (or precarious, non-standard etc.) employment inside and outside the informal sector;

(c) Sampling frames and designs for mixed household and enterprise surveys;

(d) Evaluation of informal sector survey data and measures for quality improvement;

(e) Country experience;

(f) Future work programme.

Products

Reports of the first through fifth meetings.

Planned activities

The Group will work on the recommendations of its fifth meeting, which was held in New Delhi from 19 to 21 September 2001. The recommendations of the fifth meeting are:

(a) Depending upon their employment relationships and types of contracts, home workers can be found in any category of status in employment. Home workers should therefore be identified through the variable "place of work", in conjunction with existing other classifications, such as industrial and occupational classifications, rather than as a separate category of status in employment;

(b) In order to define the criteria for the distinction between independent and dependent home workers, as well as between own-account workers and employees in general, questions on the type of contractual arrangements should be used in surveys. Such questions provide better results than a mere self-assessment by respondents of status in employment;

(c) The concept of informal employment is distinct from the concept of employment in the informal sector. Informal employment (defined in terms of characteristics of jobs) extends from the informal sector (defined in terms of characteristics of enterprises) to other sectors. The definition and measurement of employment in the informal sector need to be complimented with a definition and

measurement of informal employment. Members of the Group, as well as other countries, are encouraged to test, on the basis of available data, the conceptual framework developed by the ILO for relating the measurement of employment in the informal sector to the measurement of informal employment within a labour force framework. Experience should be reported to the next meeting of the Group to help evolve an operational definition of and measurement methods for informal employment. India and Mexico agreed to the request to provide data support for testing the framework;

(d) For developing a programme of statistics in the informal sector, the parallel use of several methods (in particular, household surveys and mixed household and enterprise surveys) is reiterated. The methods used should be documented in sufficient detail so that data obtained from different sources can be compared and the differences, if any, explained;

(e) Data on the informal sector should be collected at sufficiently frequent intervals so that time series can be obtained that make it possible to monitor trends and developments;

(f) Future work of the Group should concentrate on a project to establish a common pool of databases on the informal sector (along similar lines as the Luxembourg income study), for which financial support will be sought from donor agencies. The aim of the project would be to undertake the necessary work in order to obtain the best possible internationally comparable statistics of the informal sector. The project would therefore include studies designed to improve the quality of existing informal sector data, and the formulation of technical guidelines regarding the statistics to be included and how to develop them, including the formulation of questions for the identification in labour force surveys of informal sector workers on a regular basis. The external funding of the project could also lead to increased country representation in the Group;

(g) Members of the Group are invited to assist its secretariat in formulating a project proposal within the next three months and submitting it to donor agencies;

(h) The Chair of the Group will seek the institutional support of the regional commissions to encourage the heads of national statistical agencies to provide cooperation for accomplishing the aims of the project and to designate a contact person for the above-mentioned purposes;

(i) Review should be made to measure how far the objectives set in the terms of reference of the Group have been achieved;

(j) The web site of the Group should be used as an electronic discussion forum to enable more countries to participate in the deliberations of the Group;

(k) Procedures should be established for linking informal sector data obtained from existing sources (labour force surveys, mixed household surveys and enterprise surveys, economic census) with other sources (household income and expenditure, consumer expenditure surveys etc.) in support of the work of national accountants and for analysing the relationship of the informal sector with other topics, such as poverty.

Future programme

The date of the next meeting of the Group has not yet been decided.

Questions to be discussed by the Statistical Commissions

The Commission may wish to discuss the above-mentioned recommendations of the Group at its fifth meeting, held in New Delhi from 19 to 21 September 2001.

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